To increase access to refinancing for homeowners, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 25, 2013

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To increase access to refinancing for homeowners, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Rebuilding American Homeownership Act of 2013”.

SEC. 2. DEFINITIONS.

In this Act, the following definitions shall apply:

(1) CURRENT BORROWER.—The term “current borrower” means a mortgagor that—

(A) has made each payment on an eligible mortgage, within the month in which the pay-
ment was due, during the 6-month period preced-
ecing the date of refinancing of the eligible
mortgage under this Act; and

(B) has not been more than 30 days delin-
quent on an eligible mortgage more than once
during the 1-year period preceding the date of
refinancing of the mortgage under this Act.

(2) DIRECTOR.—The term “Director” means
the Director of the Federal Housing Finance Agen-
cy.

(3) ELIGIBLE MORTGAGE.—The term “eligible
mortgage”—

(A) means any mortgage that—

(i) is an existing first mortgage—

(I) that was made for purchase
of, or refinancing of another first
mortgage, on a 1- to 4-family owner-
occupied dwelling, including a condo-
minium or a share in a cooperative
ownership housing association; and

(II) with a current loan-to-value
ratio in excess of 80 percent, but not
greater than 140 percent;

(ii) was originated on or before May
31, 2009;
(iii) is not owned or guaranteed by an enterprise; and
(iv) with respect to which, the mortgagor is a current borrower; and
(B) does not include any mortgage that is insured or guaranteed by any program of the Federal Housing Administration, the Department of Housing and Urban Development, the Government National Mortgage Association, the Department of Agriculture, or the Department of Veterans Affairs.


(5) GUARANTEE FEE.—The term “guarantee fee” has the same meaning as in section 1327(a) of the Housing and Community Development Act of 1992 (12 U.S.C. 4547(a)).

SEC. 3. REFINANCING AUTHORITY.

(a) ENTERPRISE REFINANCING AUTHORITY.—
(1) PROGRAM.—Each enterprise shall establish and carry out a program under this section to provide for the refinancing of eligible mortgages.

(2) AUTHORITY.—Notwithstanding any provision of the Federal National Mortgage Association
Charter Act (12 U.S.C. 1716 et seq.) and the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.), in carrying out the refinancing program required under paragraph (1), an enterprise may purchase, guarantee, service, sell, lend on the security of, refinance, or otherwise deal in eligible mortgages.

(b) IMPLEMENTATION AUTHORITY.—

(1) IN GENERAL.—Subject to paragraph (2), each enterprise may prescribe any requirements, terms, and conditions that such enterprise determines necessary to carry out the refinancing program required under subsection (a), including with respect to any underwriting criteria, such as—

(A) verification of a borrower’s employment, income, reserves, and assets;

(B) a borrower’s credit history;

(C) property valuation requirements;

(D) representations and warranties;

(E) eligible property type and occupancy requirements; and

(F) continuation of the second-lien position, or release, of any junior liens on the property.
(2) **Existing credit enhancements to be retained.**—In order to participate in the refinancing program required under subsection (a), an eligible mortgage with existing credit enhancement coverage must continue to maintain or otherwise transfer such coverage to the new mortgage that is a result of the refinancing of the eligible mortgage authorized by this section.

(3) **Maximum term of the new mortgage.**—The term of any new mortgage that is a result of the refinancing of an eligible mortgage authorized by this section shall not exceed 30 years.

(4) **Maximum loan amount.**—The maximum original principal obligation of any new mortgage that is a result of the refinancing of an eligible mortgage authorized by this section shall not exceed the limitation in law governing the maximum original principal obligation on conventional mortgages that may be purchased or guaranteed by an enterprise, as such law is in effect on the date of the closing of the new mortgage.

(c) **Regulations.**—The Director may issue any regulations, guidance, or directives necessary to carry out the refinancing program required under subsection (a).
SEC. 4. GUARANTEE FEES.

(a) Requirement To Charge a Guarantee Fee.—Each enterprise shall charge a guarantee fee in connection with any guarantee of the timely payment of principal and interest on securities, notes, and other obligations based on or backed by eligible mortgages refinanced under this Act.

(b) Amount.—

(1) In general.—The amount of the guarantee fee required to be charged by an enterprise pursuant to subsection (a) shall be actuarially determined by the Director to cover the expected risk of default on the pool of eligible mortgages refinanced under this Act backing the security, note, or other obligation to which the enterprises’ guarantee applies.

(2) Rule of Construction.—In calculating the expected risk of default pursuant to paragraph (1), the Director shall ensure that any default probability assumptions used to model such risk—

(A) are reasonable, including with respect to the arrival rate of default and the magnitude risk of default; and

(B) are not unduly weighted to cover historical stress or crisis scenarios.
(3) Prohibition on additional charges.—
In determining the amount of any guarantee fee required to be charged pursuant to subsection (a), neither the Director nor an enterprise may charge any additional fee, price adjustment, premium, or other amount other than that which is determined in accordance with paragraph (1).

(4) Prohibition on offsets.—The Director shall prohibit an enterprise from offsetting the cost of the guarantee fee required to be charged pursuant to subsection (a) to mortgage originators, borrowers, and investors by decreasing other charges, fees, or premiums, or in any other manner.

(e) Authority to limit offer of guarantee.—
The Director shall prohibit an enterprise from consummating any offer for a guarantee on any security, note, or other obligation based on or backed by eligible mortgages refinanced under this Act, if the guarantee is inconsistent with the requirements of this section.

SEC. 5. REPORTS.

The Director shall include, in the annual report submitted to the Congress pursuant to section 1319B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4521), information on the
use and impact of the program established under section 3. The information provided shall include—

(1) a review and analysis of the effectiveness of the program in—

(A) reducing the rate of mortgage default and delinquency;

(B) preventing foreclosure; and

(C) supporting stable homeownership; and

(2) any recommendations the Director considers appropriate regarding the program.

SEC. 6. SUNSET.

(a) TERMINATION.—The provisions of this Act, and any program or authorities established or granted therein or derived therefrom, shall terminate on December 31, 2014.

(b) EXTENSION.—The Director, upon transmission of a written notification to Congress, may extend the authorities provided under this Act for a 1-year period.